Department of Defense
Logistics Strategic Plan

EDITION 1996/1997

Prepared by the
Office of the
Deputy Under Secretary of Defense
(Logistics)

FOREWORD

Logistics has played, and will continue to play, an absolutely pivotal role in sustaining America's combat effectiveness. The decade ahead promises a quantum shift in the evolution of armed conflict. The shift in emphasis will be away from delivery platforms -- ships, aircraft, and tanks -- and towards enhancing those platforms with off board information and highly lethal, extremely accurate weapons. This plan provides the complementary vision for the logistics concepts that we will need to support the style of warfare that we envision in our future -- one with logistics integrated into the overall warfighting framework.

Our forces are being designed to achieve dominant battlefield awareness and combat superiority through the deployment of fully integrated intelligence systems and technologically superior weapons systems. "Dominant battlefield awareness" means knowing everything going on in a battlefield -- everything within an area that can measure up to 200 kilometers by 200 kilometers. The primary objective is to know where all the enemy forces are. It also means knowing similar information regarding all friendly forces as well. However, dominant battlefield awareness is much more than knowing the static location of forces. Commanders will need to know the combat readiness status or "state vector" for each force element. This includes knowing the logistics posture of friendly and enemy forces as well as having a prediction of the resupply needs of each force element. There is a strong linkage between dominant battlefield awareness and total asset visibility -- without the latter, the former is seriously degraded. To complete the logistics picture, available support and the need for future support must be propagated from each force element in the field throughout the whole support system. It will require a seamless logistics system, one with modernized information systems and improved, assured communications.

Although dominant battlefield awareness is a plus, it is not the whole story. It is a necessary condition, but not a sufficient condition to prevail on the 21st century battlefield. We will also need to achieve "dominant battle cycle time." This is the ability to turn inside an adversary; to act before the adversary can act. An even more stressing objective is to act before the adversary's dominant battlefield awareness system can see you act. In addition to possessing a dominant battlefield awareness capability, achieving a dominant battle cycle time capability is essential for one to exercise rapid planning, strong command and control, and superior mobility. Responsive logistics support to this concept of dominant battle cycle time requires logistics systems which can effectively operate within that dominant battle cycle time.

Within the department, our warfighters have come to clearly realize that DoD finances are a zero-sum game, that every logistics dollar expended on outdated systems, inefficient or excess organic capability and unneeded inventory is a dollar not available to build, modernize, or maintain warfighting capability. They also realize that the logistics slice of the defense budget is large by any measure -- consuming about 50% of the DoD budget. In contingency operations, if we divert precious airlift and sealift resources to transport just-in-case inventory, it will delay buildup of combat power, impede conflict deterrence and unnecessarily prolong military action with attendant high casualties and other costs. And something I do not think is well understood, we

will need to divert combat power to defend inventory storage sites in theater. As an adversary's dominant battlefield awareness capabilities grow, large undistributed inventory will be at risk.

Our "just-in-case" system has evolved over the years in response to a cumbersome acquisition system, little or no in-transit asset visibility, and lack of a fast and responsive distribution. This system is in stark contrast to the "just-in-time" systems being implemented by commercial enterprises and our own industrial partners. Neither the "just-in-case" or "the just-in-time" system are right for the Defense Department. A tailored approach is needed. Right now, the pendulum is too close to "just-in-case." It needs to swing more to a leaner "just-in-time" position. But 'just-in-time" in warfare means that the wartime distribution system must work. It also means we must have the information system to provide total asset visibility. And finally, we need to train as we intend to fight, including the logistics system.

This latest edition of the plan, which I fully endorse, provides the integrated logistics road map that is necessary to support our warfighting strategy into the next century. Under the direction of the Deputy Under Secretary of Defense (Logistics), a Steering Group of senior DoD logisticians guided the development of the goals, objectives and strategies of this plan. Contributions were made by each of the Military Services, several Defense Agencies, the Joint Staff, and key organizations of the Office of the Secretary of Defense. I want to express appreciation to each of the individuals who contributed to the plan, particularly the Working Group, without whom it could not have been developed. I urge all the Components to incorporate the goals, objectives, and strategies of this plan into your management programming and budgeting priorities. We will continue to work closely with you to assure its implementation.

/Signed on June 22, 1996/

Paul G. Kaminski
Under Secretary of Defense
(Acquisition and Technology)

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Logistics System Mission Statement

To provide responsive support to ensure readiness and sustainability for the Total Force in both peace and war

Vision

The DoD Logistics System will:

- Provide reliable, flexible, cost-effective and prompt logistics support, information, and services to the warfighters;

- Achieve a lean infrastructure;

The DoD Logistics System will meet this vision proactively by making selective investments in technology; training; process reengineering; and employing the most successful commercial and government sources and practices.

Executive Summary

Basic Thrust

This is the third annual issuance of the DoD Logistics Strategic Plan. The update takes into account progress made against goals set in the plan issued in July 1995 and reflects adjustments in Defense priorities over the last twelve months. Its execution is again being incorporated into the Planning, Programming, and Budgeting System (PPBS), for inclusion in the Department's mainstream oversight process. To better align development of the plan to the PPBS cycle, development of the 1998 edition of the plan will begin in July 1997. This edition will remain in effect for the remainder of fiscal year 1996 as well as fiscal year 1997.

The infrastructure in the Department must be reduced in parallel with the force structure during the Future Year Defense Plan (FYDP) period. While shrinking, the DoD logistics system must also provide greater mobility and more precise "targeting" of support to regional contingencies. This plan focuses on achieving improvements in logistics system performance, including logistics information management, while reducing the associated infrastructure. The plan also prescribes performance metrics for assessing implementation of the Plan.

Operational requirements and unit readiness demand that support at the operational level be the prime focus of logistics. Successful logistics performance at the national level will be measured in terms of its responsiveness to unit readiness at the operating level; and logistics processes must be improved to ensure responsiveness at that level. Precedence in allocating resources will be given to processes that best support unit readiness.

To ensure logistics products and services are provided with the least impact on Defense resources, emphasis will fall on:

(1) process reengineering to identify and adopt the most successful government and commercial practices, and to optimize costs across functions;

(2) appropriate investments in technologies, product maturation, and training;

(3) institutionalizing continuous evaluation of the processes and competencies that DoD defines as "Core" -- i.e. strategically critical -- and striking the correct balance between public and private sourcing of work.

Guiding Principles

The Strategic Plan is guided by these principles:

- Maintaining weapon system availability and unit level readiness, while reducing total costs, is of paramount importance.

- The cost and "footprint" of logistics support must be reduced substantially without reducing readiness.

- Military commanders require near real-time information concerning materiel and logistics support capability in order to fight and win.

    - Implementation of the DoD's Continuous Acquisition Life Cycle Support (CALS) strategy is essential to move away from a paper-bound technical information management environment to an on-line electronic environment.
    - Elimination of batch processing of information when it is inefficient and not cost-effective; implementation of more flexible information architectures, and more responsive domain-specific applications are essential to making better investment, repair, distribution, and related support decisions.

- Performance improvement will be measured in relation to the impact on customers. The customers of the logistics system are defined in priority order as: (1) military combat units, in training or when called to action; (2) Unified Commanders; (3) logistics and weapons managers, who are consumers of logistics information for decision making; and (4) other managers and headquarters.

- Not only performance metrics, but also performance measurement methods, must be sharpened. Today's logistics information systems do not provide sufficient accurate information to know with certainty how well the system is performing. Major improvements in measurement are prerequisite to evaluating performance change over time.

- Reducing the Operational and Support cost burden on Defense resources requires both process reengineering and investment. This plan proposes a multi-faceted investment strategy to improve management capabilities and to re-engineer cost-driving systems and components.

- Our national industrial capability must be treated as part of the DoD logistics capability.

- Peacetime organizations must transition transparently to wartime support.

Assumptions about the Future Logistics Environment

I. The focus shift from global to highly diverse, regional conflicts -- for peacekeeping, humanitarian, or combat missions -- demands agile logistics support. Agility requires greater mobility, visibility of key assets, more dynamic workload management across logistics elements in order to provide a rapid response to changing requirements, and improved management information to assert necessary control over employment of logistics resources. The process that

begins with the identification of a requirement or need and ends when the customer accepts delivery or a weapon system as operationally ready, must be streamlined.

II. Streamlining to a leaner logistics system can be achieved through a tighter integration of business and production processes. Emphasis must be placed on increasing the involvement of the operational user in logistics processes; developing just-in-time logistics to make materiel and distribution processes more responsive; tightening repair and manufacturing processes, and expanding the integration of logistics issues into overall weapon system management. Performance of logistics processes must be continually assessed to identify opportunities for improvement through new initiatives.

III. Military and commercial ships and aircraft available to carry military equipment to both improved and unimproved locations will continue to be a constraint to deploying forces. Expanded intermodal transportation, including containerization, will somewhat compensate for this constraint. As transportation, rather than storage, becomes a prime contributor to the DoD's ability to deliver material on time, the importance of managing information about intransit assets and the status of movements becomes paramount. Because transportation capability will always be constrained, it is of utmost importance to ensure the materiel management component of logistics is able to satisfy requirements with minimum duplication and error.

IV. Logistics information has become a principal commodity of the logistics system. As resources decline, the demands for on-line, accurate information and assured communications will increase. At the same time, both information and supporting facilities will become a more lucrative target as the information explosion accelerates, systems become increasingly integrated, and processes become more automated.

V. The industrial base upon which logistics support relies will continue to experience an overall reduction in defense logistics-related work. This will lead to diminishing sources of manufacture, the potential loss of domestic sources of supply or transfer to off-shore sources, and a decrease in the capability to surge. The economic and political ingredients of defense will need to be increasingly integrated with logistics planning.

A. Many of the weapon systems in the DoD inventory today will remain in use well into the next century. Modernization of older systems will require the DoD to support a broader range of old and new technologies. DoD’s CALS strategy must be sufficiently robust to allow rapid exchange of technical data and drawings in support of all the DoD’s end-item inventories as well as the relatively few new items entering the inventory over the next decade. Legacy data in an automated form is of paramount importance.

B. Weapon system complexity will increase to meet military threats. However, continued improvements in reliability, maintainability, and supportability will decrease support requirements overall and provide opportunities and challenges to change traditional logistics concepts. Selected investments in cost-driving components to reduce the cost of weapon system Operation and Support costs must be identified, programmed, budgeted and executed.

C. Just as defense planning in the post Cold-War era has become more coalition-oriented, the United States will need to continue to support its systems in foreign inventories. At the same time, economic interdependencies will insert more technologies developed outside the United States, and DoD will rely more on off-shore sources for equipment, supplies and support. Host Nation Support Agreements, joint ventures, and co-production will increase. International standardization of information management requirements through efforts such as the CALS international strategy will be a key to this support.

D. Although petroleum is projected to remain the major source of mobility energy, economic and environmental considerations will require increasing commitments to alternative, clean fuels. At the same time, new air and spacecraft designs are likely to require more exotic energy sources that have no present industrial resource base.

E. The decrease in force structure, coupled with the trend toward smart munitions, will decrease the demand for some sources of conventional ammunition. The infusion of new technologies which do not consume munitions during employment, such as directed energy weapons, may further lessen conventional ammunition requirements. On the other hand, such weapons may increase logistics support demands for other resources, e.g., energy infrastructure.

Conclusion

The changing threat requires that logistics be flexible, mobile, integrated, compatible, and precise in targeting support to the point of need. These qualities depend on highly reliable, near real-time information, which will become one of the logisticians' foremost allies in the future. At the same time, investments are needed to “engineer” costs out of the logistics tail. Some of these investments are in the logistics system itself, while others will be needed to reduce the cost of maintaining complex weapon system components. Achieving world-class capabilities, while reducing the cost of DoD's logistics system, is the principal challenge of this Plan. The logistics system of the Department is part of the Nation's industrial and logistics capability; and a rebalancing of public and private sector logistics delivery methods is essential to ensure both best value and best results.

1995 Accomplishments

The Department continued to improve its ability to support its warfighters through implementation of strategies in the 1995 Edition of the DoD Logistics Strategic Plan. Progress was made in achieving all three goals, namely: reducing logistics cycle times, developing a seamless logistics system, and streamlining infrastructure. Many of the strategies were accomplished as planned while others were not. As we pursued implementation of initiatives in the plan, like peeling back layers of the onion, we learned that changes envisioned in the strategies were often more complex than originally anticipated. Additionally, while most strategies included discrete milestones for assessment purposes, in reality, many actions do not happen just once but continue. As a result of our 1995 experience, adjustments were necessary in the 1996/1997 edition of the plan to some of the original strategies. In some cases, changes have been made to the initiatives' approaches; in others cases, to projected completion dates. Overall, however, the accomplishments have been numerous and substantial, as summarized below.

Logistics Response Time DoD-wide Logistics Response Times improved by nearly fifteen percent, and backorder times dropped nearly seven percent during 1995. While measurement and reporting of response times are improving, current shortfalls hindered direct assessment of performance against the established goals. Based on available data, only the Air Force appears to have consistently achieved the 15-day goal applicable to 1995, although actual performance against the goal is likely better than what the data indicates. One reason for this is that the available data includes OCONUS requisitions, which generally take longer than CONUS requisitions, while the 15-day goal applies only to CONUS requisitions. Additionally, current DoD-wide performance data reflects only Service requisitions of Defense Logistics Agency-managed items. Progress was made in capturing data on items managed by the Services, but timely, accurate data does not presently exist DoD-wide for all items.

The Department's Logistics Response Time Process Action Team and its Executive Steering Group were responsible for improving data collection, reporting and processes among all the Components during the last year. New performance standards were issued for the 1995 logistics response time goal. The response time goals were updated under Objective 1.A based on knowledge gained during the previous year. An evaluation of the Uniform Materiel Movement and Issue and Priority System identified the need to revamp Force Activity Designator assignments among the Components. Studies to improve both intermediate and depot repair cycles resulted in recommendations for establishing DoD policy on repair cycle metrics and performance measurement capabilities at both levels. A simulation model to enable distribution optimization decisions to be made between inventory and transportation costs was developed and an initial analysis of consumable items completed.

Data collection and reporting weaknesses were identified and corrective actions begun. New standard response time measurement nodes were defined. Outdated time measurement reports were canceled and efforts to replace them with improved versions initiated. The Services began submitting retail requisition data to the Defense Automated Addressing System Center. The

Defense Logistics Agency expanded reporting capabilities of the Logistics Information Processing System to provide data on all Navy requisitions.

Total Asset Visibility. A Joint Total Asset Visibility (JTAV) Charter was developed to assign specific responsibilities for implementing JTAV to the Army as the DoD's Executive Agent. A JTAV Implementation Plan was developed to define the actions and milestones to achieve the desired capabilities.

Intransit visibility is proceeding on schedule. The Defense Intransit Visibility Integration Plan was developed and approved. The Global Transportation Network development contract was awarded, and initial design and joint program management reviews conducted. Twenty-three transportation systems were selected and approved for migration. Military Standard Transportation and Movement Procedures (MILSTAMP) changes were proposed to support Automatic Identification Technology. The Military Traffic Management Command (MTMC) formed a Future Applications Commodity Tracking Technologies (FACTT) Working Group to examine possible expansion of the commodities and the technologies employed by the Defense Transportation Tracking System (DTTS). DTTS was utilized during Turbo Challenge 95 for tracking cargo and is currently being employed for Joint Endeavor.

The Army was also assigned as the DoD's Executive Agent for Automatic Identification Technology (AIT). A dual standard was established for two-dimensional bar code for logistics labeling and electronic commerce application, namely: MAXICODE for high speed sortation, and Portable Data File 417 (PDF417) for all other applications. Devices to support DoD AIT applications were recommended. In cooperation with the American National Standards Institute (ANSI), the JTAV Office is also developing a standard for radio frequency (RF) tags and readers. An interim JTAV Radio Frequency Tag format had been selected, and USTRANSCOM has agreed to use ANSI RF interrogators at selected sites. RF technology is being employed for shipments to Bosnia. As a preliminary step to establishing the DoD RF standard, a draft Request-for-Proposal (RFP) was sent to vendors to initiate a RF device procurement. The Defense Logistics Agency has incorporated the Automated Manifest System (AMS) laser optical card functionality into the Distribution Standard System (DSS) to enhance intransit visibility, and has begun field implementation at several sites.

Retail Asset visibility is operational for many consumable items, and business rules for exchanging consumable items among the Army, Navy, Air Force and the Defense Logistics Agency have been implemented. The Advanced Traceability and Control (ATAC and ATAC PLUS) systems are being utilized to track reparables from the point of breakdown until delivery to the depot. Commercial Asset Visibility (CAV) was named as the migration system for controlling assets in repair for commercially repaired depot level reparables. CAV II has been implemented at 185 Navy contractor sites and 9 Army contractor sites. The Joint Task Force Logistics Management Information System (JLOG) was successfully demonstrated during the Joint Warrior Interoperability Demonstration (JWID 95).

Mobility. To refine intratheater distribution requirements, an intratheater lift analysis was initiated and is underway at the Institute for Defense Analysis. The Army developed a Battlefield

Distribution Concept to overcome past intratheater distribution shortfalls. The Joint Staff has expanded this concept to all the Services as the Theater Distribution Concept and evaluated it during the Naval Logistics Wargame 2005. The Mobility Requirements Study Bottom Up Review Update was approved, and additional airlift, sealift and rail capabilities are being acquired. Containerization doctrine was incorporated into Joint Publication policy. An operation and cost analysis to evaluate a joint-use afloat maintenance facility for prepositioned materiel at Blount Island, Florida, or Charleston, South Carolina, was initiated. To ensure the continuing viability of the Civil Reserve Air Fleet Program, legislation was proposed and interagency support garnered, and DoD and Service policy guidance was developed.

Joint Logistics Over the Shore (JLOTS) capabilities continued to improve. The CINCs are continuing to identify requirements. A JLOTS exercise schedule was developed, and a causeway development project initiated. The Joint Staff conducted a study to assess current capability to support throughput requirements and the program's future direction. A JLOTS Board was established to work JLOTs issues with the CINCs and the Services.

A number of analytic models continued to be developed and tested to refine the Department's capabilities to resource logistics requirements in Operations Plans. Plans to build West Coast containerized ammunition port facilities remain on track.

Modernization of Logistics Systems The logistics business systems supporting the major logistics functions of distribution, maintenance, materiel management, and transportation continued to make good development and deployment progress during the past year. Configuration management programs have been established for all the system development efforts. The majority of business process baselines have been established, and 1662 standard data elements have been approved by DoD. Business process improvements which have been incorporated into baseline systems include changes to reduce inventories, improve asset visibility, streamline procurements, increase data accuracy, and improve visibility, control and management of repair processes. In the distribution functional area, the Distribution Standard System (DSS) has been deployed to 7 of the 23 Defense Logistics Agency distribution depots. The 7 distribution sites currently supported by DSS account for over half of the receipt and issue distribution workload. Four additional deployments are planned for calendar 1996 and the remaining 12 sites will be implemented in 1997. The Automated Manifest System, using optical memory card technology, has proven highly successful and is in use in Bosnia. Some of the deployed applications providing new or improved capabilities in support of the maintenance function include: Joint Engineering Data Management Information and Control System (JEDMICS), Programmed Depot Maintenance Scheduling System (PDMSS), Baseline Advanced Industrial Management (BAIM) System, Hazardous Materiel Management System (HMSS), and the Tool Information Management System (TIMA). These applications have been deployed in support of activities performing maintenance functions in each of the Military Services. An additional 69 deployments of 11 depot maintenance functional modules to all the Services are planned for 1996 and 44 more in 1997. During the past year, nearly half of the twenty-three transportation migration system applications have been at least partially deployed to some sites. Five Materiel Management migration system applications have been developed, and three partially deployed. An additional 20 materiel management deployments of four materiel

management functional modules will be deployed to the Services and DLA during 1996, and 64 additional functional modules will be deployed to the Services and DLA in 1997. The Defense Medical Logistics Standard Support (DMLSS) System has achieved significant progress toward the goal of reducing supply inventories at medical centers and warehouses by at least 40 percent and reducing the amount of expired items that are destroyed by as much as 98 percent.

Communications. Significant progress has been made in implementing the Continuous Acquisition and Life Cycle Support (CALS) strategy. Logistics technical information is being acquired for new defense systems in digital form using CALS performance specifications and interface standards. Pilot projects have been completed to distribute digitized technical information from remote sites using JCALS, the Joint Engineering Data Management Information and Control System (JEDMICS), and the Configuration Management Information System (CMIS). Training cycle times have been reduced twenty percent and test scores increased ten percent through use of Interactive Electronic Technical Manuals. The Defense Printing Service has established fourteen centers for the conversion of legacy information from paper to electronic form. The Navy has converted approximately 95 percent of its technical manuals and 60 percent of its engineering drawings to digital form. The Army is in the process of digitizing all of its manuals. Revised policy guidance and procedures continued to be issued. Several weapons programs have contractually required electronic access to contractor technical information and others have included provisions in their contract solicitations. Initial demonstrations of CALS shared data environments using standard logistics systems, such as JCALS, JEDMICS and CMIS, were conducted.

Electronic Data Interchange (EDI) and Electronic Commerce (EC) business transactions are expanding. The Department has determined that the ANSI X.12 standard will be used within DoD and with industry. The number of DoD procurement activities utilizing ANSI X.12 standard procurement transactions to exchange information with industry through the Federal Acquisition Computer Network (FACNET) is increasing. Navy was approved to implement Defense Logistics Management Systems (DLMS) 2.0 for food service afloat. Implementation planning to include EDI/EC demonstrations in standard logistics systems was completed. An implementation plan to accelerate EDI applications in transportation programs was drafted. Coordination with industry to identify worldwide frequency ranges to assure logistics communications is continuing, and a requirement for a worldwide operability has been included in a Statement of Work for a procurement of Radio Frequency Identification Devices.

Most Successful Business Practices The Department again met its inventory reduction goals in 1995, both in terms of inventory value and storage space. The Department is tightening the storage space goal in the 1996 plan. The Defense Acquisition Review Council approved changes to DFARS 208.7003 to grant increased local purchase authority for centrally-managed items. During the last year, the Defense Logistics Agency established 16 corporate contracts which aggregate purchases from a single source over a broad range of items. Navy increased the number of items it purchases on long-term contracts by nearly 85 percent and established new Direct Vendor Delivery Contracts. The Department began a review of the Primary Inventory Control Activity/Secondary Inventory Control Activity program to eliminate unnecessary duplication of inventory management for reparable items. Environmental programs are

underway to minimize hazardous waste, such as from Pharmaceuticals and ozone depleting substances, as are programs to track and reutilize hazardous waste. Acquisition reform initiatives were instituted to streamline logistics processes, including establishing a government purchase card program, simplified pricing, contractor/government teaming and roundtable discussions, military specification reduction, and increased use of commercial, off-the-shelf items. A test to tailor logistics support to customers at two specific sites and one region was completed. The Department contracted out a study and established a distribution privatization process action team to explore how best to outsource distribution functions. Army successfully tested a single stock fund concept for all secondary items, and the Navy obtained approval to operate a single wholesale and retail accounting system for items in the Defense Business Operations Fund. The Army is chairing a DoD-wide Integrated Process Action Team to improve depot maintenance costing, and the Department has contracted a study to improve internal controls at maintenance depots.

Benchmarking The Department has initiated several efforts to benchmark DoD logistics processes to world class providers. The Inventory Control Point Benchmarking Team completed their evaluation and issued recommendations which are currently being evaluated. The Defense Logistics Agency conducted field training, developed a benchmarking plan with measures of success, and completed four distribution depot benchmarking pilot projects which resulted in the identification and implementation of a substantial number of quick fixes. The Department also conducted a benchmarking study between DoD and commercial transportation times and determined that the DoD could improve its transit time standards by adopting the best commercial transportation industry standards. A study to benchmark DoD maintenance depot capability to public and private depots is currently underway.

Public and Private Sector Workload DoD ashore dining facilities in the Southeast United States have been contracted out, and expansion to other locations is in process. A Prime Vendor Demonstration program has been established to contract out clothing and textile requirements at Lackland AFB. Prime Vendor contracts to contract out medical and surgical items have been established for approximately half the regions and for pharmaceuticals throughout CONUS. A plan for increasing depot maintenance outsourcing was developed and is awaiting Congressional action. The Department requested that legislative restrictions on contracting out maintenance be repealed. Maintenance workload continues to be cross-serviced. Changes in cross-servicing have been determined primarily by Base Realignment and Closure (BRAC) and Joint Depot Maintenance Advisory Group determinations. A Materiel Management Outsourcing Integrated Process Team was formed to develop plans to outsource Inventory Control Point, Distribution and Defense Reutilization facilities and functions.

Weapon System Cost of Ownership A Life Cycle Cost Integrated Process Team was formed to develop innovative approaches to reducing life cycle costs. A study was conducted to examine how Operation and Support Costs could be reduced through Reliability and Maintainability Engineering Change Proposals. Life Cycle Cost initiatives and incentives were included in DoD 5000 Acquisition Policy, particularly as part of Cost as an Independent Variable (CAIV) implementation. A Visibility and Management of Operating and Support Costs (VAMOSC) reengineering effort is underway to improve the quality of Operation and Support information.

Navy established the Buy Our Spares Smart (BOSS III) program to expand the use of Reliability and Maintainability Engineering Change Proposals. Nine shipboard proposals were approved and $108 million was invested for similar purposes for aviation requirements. The Joint Total Asset Visibility (JTAV) capability, formerly known as JLOG, and the Joint Logistics Advanced Concept Technology Demonstrations (ACTD), demonstrated via the Logistics Anchor Desk (LAD), are designed to utilize new technologies to provide asset visibility and decision support tools to the warfighters. Both JTAV and LAD have been field tested during a number of exercises and are currently being employed in support of Bosnia operations to connect operational planners and logisticians across Services and echelons. Maintenance ACTD candidates have been developed with selection anticipated shortly. The Navy's F-18 aircraft Intermediate Avionics Test System was selected as a prototype for testing contractor-performed provisioning. The Army's Logistics Support Activity (LOGSA) is working with several Program Managers to improve access to a broad set of logistics field data. A Navy Weapon System Support Quality Management Board conducted a survey and determined that recent system enhancements to the Navy's Maintenance and Material Management System have substantially improved the accuracy, timeliness and adequacy of actual field operating data. The Navy developed and implemented a business plan for the accelerated "Gold Disk" program, providing both technical and logistics data in CD-ROM format. The Navy, as the designated DoD Executive Agent for Automatic Test Systems, has been coordinating among the Services to implement ATS family policy. Army LOGSA was designated to coordinate replacement of MIL-STD 1388 and has drafted a proposal that would eliminate about 50 percent of the existing data requirements.

Goals, Objectives, Metrics, and Strategies

The following goals, objectives and strategies target the two principal desired outcomes of restructuring logistics: (1) better, faster, more reliable, and highly mobile response capability and (2) a leaner infrastructure that better balances public/private capabilities. In articulating the specific goals, the strategic planning groups chose to state them in terms that are subject to measurement. For example, "reducing logistics cycle times" requires improving all the processes involved in delivering logistics materiel and services, fixing the asset visibility problem, and improving our mobility capabilities.

Goal No. 1: Reduce Logistics Cycle Times.

Importance of the goal. Time is the enemy of logistics. Each day of delayed response to the user represents millions of dollars in inventories waiting to be moved, repaired, delivered, stowed, and used. Slow cycle times: (1) are symptomatic of processes that need to be improved, eliminated, or outsourced to high quality providers; (2) often reflect gaps in required management information or use of substitute data as an alternative for that which is truly required; and (3) reflect standards that do not challenge logistics managers to maximize their performance. The best private sector practitioners of logistics have distinctly moved towards reducing cycle times. Customers demand quicker and more reliable response--whether they are manufacturers seeking to minimize holdings of parts and assemblies, or typical consumers buying merchandise from catalogue sales outlets.

Long cycle times are symptomatic of many fundamental characteristics of the DoD logistics system. Improving cycle times represents an equally fundamental challenge in all areas for process improvement. Rapid response capability is essential for:

- supporting a mobile force;
- responding to multiple contingencies;
- responding with the most current knowledge of operational requirements;
- minimizing investment--either in materiel or repair work--that can become obsolete, or which is not immediately relevant to mission needs;
- reducing investment in facilities and related infrastructure; and
- increasing customer confidence.

Objectives, Metrics, and Strategies

Objective 1.A. Reduce Logistics Response Time. To achieve the quality of support needed to meet the needs of a smaller, more mobile force with a smaller logistics infrastructure, a major shift is required towards customer needs and customer measures of logistics system performance. Slow response times, for example, drive the need for increased inventory levels and undermine the customers' confidence in the supply system.

Metrics: To gage how well the DoD Logistics System is responding to the warfighting customers, Logistics Response Time was selected as the single best outcome-oriented measure.

Definition : Logistics Response Time is the total elapsed time between issuance of a customer order and satisfaction of that order. Measurement begins with the Julian date of the customer requisition and ends with close-out of the requisition. Conceptually, this definition is the same as it was in the original 1994 Edition of the Plan. Ideally, logistics response time measurements should include all customer orders, regardless of whether filled from DoD wholesale stocks, retail stocks, or from direct vendor delivery, and should include backorder fills as well as immediate fills. For immediate retail stock fills, measurement begins with the Julian date of the initial requirement document and ends when the stock is issued to the customer.

Prior edition goals excluded some commodities; were limited to CONUS response times; and were different for requirements filled immediately from stocks and those which had to be backordered. Moreover, the goals were not predicated on a detailed analysis of what was feasible, but rather, were largely based on the Department's desire to achieve performance equivalent to the best in industry. The goals in this year's plan have been updated based on the experience gained since the initial goals were first established.

Goals:

By September 1997, reduce average logistics response times by one-third from a baseline based on a first quarter FY 96 average. By October 2001, reduce the average age for backordered items to 30 days.

Disparities still exist between what the Department would like to measure and what is available throughout the Department in a timely and reliable form. While capabilities are improving incrementally, the ability to measure times is not uniform across all items or all the Military Services. Where possible, the above goals should be applied to all items, both immediate fills and backorders, CONUS and OCONUS, and regardless of whether filled from wholesale or retail stocks. However, as the primary measure for reporting progress against the goal, the Department will utilize the Defense Logistics Agency's reporting capability to measure logistics response times for requisitions from all the Military Services for items managed by the Defense Logistics Agency, including CONUS and OCONUS requisitions. Because response times vary considerably among the Military Services, separate goals are provided by Military Service in addition to a DoD total goal. The baseline standards and goals for those items are listed in Table 1 below:

Table 1
Logistics Response Time Goals
(in days)

	1st Quarter FY 96 Baseline	September 97 Goal
Army	28	19
Navy	25	17
Air Force	15	10
Marine Corps	31	21
All	24	16

Strategies

1.A.1. OSD and the Components revise the Logistics Response Time standards and submit for incorporation into the next update of Uniform Materiel Movement and Issue Priority System (UMMIPS), by August 1996.

a. OSD and Components ensure new UMMIPS Logistics Response Time standards are incorporated into management information system requirements, not later than September 1997.

b. Resolve UMMIPS requisition priority inequities caused by disparate Force Activity Designator interpretations. By July 1996 establish a Working Group to rewrite Force Activity Designator policy definitions.

c. Determine by January 1997 whether Urgency of Need component of UMMIPS priorities should be replaced.

1.A.2. OSD and Components develop an improved Logistics Response Time performance measurement system to drive the entire logistics system to respond with "best-in-class" performance to our customers.

a. Components implement Approved Military Standard System Change Letters (AMCLs) 11, 15, 28/28A and 138 to improve data collection capabilities, by December 1996.

b. Defense Logistics Management Standards Office (DLMSO) modify governing regulations to accommodate USTRANSCOM recommended changes to AMCL 28, by October 1996.

c. DLMSO and Components replace MILSTEP procedures and reports with Logistics Response Time procedures and reports, by February 1997.

d. DLSMO and Components determine the best methodology for capturing retail stock fill times, by September 1996.

e. Defense Logistics Agency begin demonstrating enhanced operational reporting capability of the Logistics Information Processing System for DLA and Service-managed items, by February 1997.

1.A.3. OSD and Components determine the policy guidelines and mechanisms to trade-off resources between transportation and inventory investment to meet the required logistics response, by August 1996.

1.A.4. OSD and Components establish an Integrated Process Team to reduce repair cycle times, by August 1996.

a. OSD and Components review recommendations to improve repair cycle business practices and determine a schedule for implementing approved changes, by January 1997.

b. OSD draft policy by August 1996 requiring the Services to develop retail metrics, including local repair cycle times.

c. Components develop retail metrics and measurement capability to enforce the standards, by January 1997.

d. OSD draft policy by August 1996 requiring the use of depot repair cycle time standards for computing materiel requirements.

e. Components implement process improvements to reduce depot repair cycle times and monitor actual performance against standards, by October 1997.

Objective 1.B. Implement Total Asset Visibility. Total Asset Visibility (TAV) is the ability to gather information from the DoD systems on the quantity, condition, location, movement, status, and identity of materiel, units, personnel, equipment, and supplies anywhere in the logistics system at any time, and to apply that information to improve logistics processes, such as filling customer orders and improving the handling of shipments or the repair pipeline. This definition expands the range of assets to include all classes of supply (including ammunition and principal end items) as well as units, personnel and medical patients. TAV provides an essential management tool to customers, item managers, weapon system managers and Commanders-in-Chief (CINCs) to move and redirect materiel, to redistribute items rather than buy or repair them, and to optimize stock positioning in operational areas overseas.

Metrics: Success will be measured by fielding of the capabilities addressed in strategies 1.B.6. and 1.B.8.a.

Strategies

1.B.1. The Joint Total Asset Visibility Office develop an Integration Plan by March 1997 to map the steps required to achieve the JTAV Implementation Plan and to serve as an update to the Implementation Plan.

a. The Joint Total Asset Visibility Office develop a Functional and Data Architecture to identify the "as is" and "to be" process flows, voids, and interface requirements and the supporting data, data elements and data flows to support JTAV capability, by November 1996.

b. The Joint Total Asset Visibility Office develop a Technical Architecture which identifies the supporting hardware, software and communication requirements for the "to be" capability, by January 1997.

c. Joint Total Asset Visibility Office develop a plan by September 1996 which integrates existing Advanced Concept Technology Demonstration (ACTD) efforts and defines the future technical requirements which the Defense Advanced Research Project Agency (DARPA) should develop in support of JTAV. Continue development of a TAV ACTD.

1.B.2. OSD and Components complete redistribution business rules for application of asset information to logistics process improvements, by December 1996.

1.B.3. OSD and Components implement TAV requirements in legacy information management systems by October 1998. Components implement TAV initiatives for retail asset visibility and redistribution, reparables pipeline visibility, and commercial asset visibility (CAV), to maximize the use of existing systems with low-cost, high-payback capabilities, by October 1998.

1.B.4. OSD and Components implement TAV requirements in migration information management systems and applications by October 2001.

1.B.5. Components complete installation-level implementation of the Automated Manifest System capability provided by the Distribution Standard System by September 1999.

1.B.6. The Joint Total Asset Visibility Office, in conjunction with the Joint Staff, develop and deploy an enhanced version of the Joint Task Force (JTF) in-theater Joint Total Asset Visibility (JTAV) capability, to include visibility of ammunition, fuel, in-theater movement, unit on-hand equipment status, and selected decision tools, by September 1996.

1.B.7. The Joint Total Asset Visibility Office support deployments and CINC exercises to assist in operations and to refine in-theater requirements, by January 1997.

1.B.8. USTRANSCOM, in coordination with the Components, implement a comprehensive Intransit Visibility (ITV) capability in accordance with the Defense Intransit Visibility Integration Plan.

a. Achieve an operational Global Transportation Network (GTN) system Initial Operational Capability by November 1996.

b. Achieve an operational GTN system Final Operational Capability by January 1999.

1.B.9. Navy, in coordination with USTRANSCOM and the other Components, complete the evaluation for expanding the Defense Transportation Tracking System (DTTS) to additional items, by September 1997.

1.B.10. OSD and the Components select a standard for use of Automatic Identification Technology (AIT) for distribution and maintenance.

a. Select a radio frequency transponder (tag) and interrogator (reader) protocol standard, in cooperation with the American National Standards Institute (ANSI), by June 1997.

b. Establish a concept of operations for using the radio frequency transponder and interrogator by June 1997.

Objective 1.C. Improve Mobility and Prepositioning.

Metrics: Success will be measured by acquisition of the capabilities addressed in strategy 1.C.2.

Strategies

1.C.1. Joint Staff and Components improve intratheater distribution policies, procedures and systems to improve capability to move assets for resupply and retrograde between Port of Debarkation and tactical customers.

a. Joint Staff complete the Intratheater Lift Analysis by June 1996.

b. Army, in coordination with the Joint Staff, refine a joint theater distribution concept by December 1997.

1.C.2. OSD, the Joint Staff and the Components continue to implement the recommendations of the Mobility Requirements Study (MRS) Bottom-Up Review Update (BURU) in accordance with the Defense Planning Guidance.

1.C.3. OSD, Joint Staff, Army, and Marine Corps, conduct a detailed cost and operational analysis comparing Charleston, SC Army facility with Blount Island, Jacksonville, FL as a joint-maintenance facility for afloat prepositioned materiel by December 1996.

1.C.4. OSD and USTRANSCOM ensure required levels of civil aircraft availability for FY 1997 to support DOD contingencies by developing stabilizing incentives for participation in the Civil Reserve Air Fleet (CRAF). OSD and USTRANSCOM fully integrate CRAF support to movement of supplies, equipment and personnel into a theater of operations, and aeromedical evacuation of patients and their attendants out of the theater.

1.C.5. OSD and USTRANSCOM continue to develop and fully implement the Voluntary Intermodal Sealift Agreement (VISA) by October 1996 to provide assured access to commercial sealift capacity to meet DoD contingency requirements. USTRANSCOM work with the commercial maritime industry to develop procedures for rapid transition from peacetime to crisis operations, and incorporate the use of intermodal systems through enhanced joint planning.

1.C.6. OSD, Joint Staff and the Components continue to improve Joint Logistics Over the Shore (JLOTS) capabilities to meet requirements. Army and Navy jointly develop sea state 3 lighterage systems that meet the CINC's force projection requirements. Continue resourcing in the Program Objective Memorandum (POM).

1.C.7. OSD, Joint Staff, and the Components establish an integrated policy for the management and funding of war reserve materiel requirements for secondary items needed to support CINC Operation Plans, by April 1998. Determine whether legislative changes are necessary to maximize war reserve resourcing.

1.C.8. Army fund and develop a West Coast containerized Ammunition Port facility on Navy installations by September 1999.

Goal No. 2: Develop a Seamless Logistics System

Importance of the goal. One of the key impediments to improving logistics responsiveness and effectiveness is the mechanics of the system itself. The logistics system is a "horizontal" process of moving assets from production through distribution, repair, to customers and back. However, the process occurs at multiple levels and utilizes hundreds of information systems and processes controlled by many separate authorities. This goal does not seek to reorganize logistics management, but does seek to remove impediments to the flow of information and the effective execution of closely related functions.

Objectives, Metrics and Strategies

Objective 2.A. Field Modernized Integrated Logistics Business Systems. DoD has made a commitment to modernize and integrate its logistics business systems. The process is critical to many aspects of process improvement, battlefield capability, and cost reduction. It requires major resource investments and is one of the highest resource priorities of the Plan. The scope of this objective includes Materiel Management, Distribution, Transportation, Maintenance and Medical Logistics Management Information Systems.

Metrics: Success in achieving this objective will be measured by deployment of the capabilities in strategy 2.A.1.

Strategies

2.A.1. OSD, Components, and Program Offices/Executive Agents continue deploying selected migration systems and applications in accordance with approved program plans. The execution of this strategy provides early tangible deliverables/benefits to the Services while supporting the longer range evolution to integrated and interoperable logistics business systems.

2.A.2. OSD and Components develop and execute a process to evolve the current logistics business systems baseline to an integrated functional and interoperable technical environment maximizing the use of standardized data, use of data repositories, commercial and government off-the-shelf software to support all logistics business functions, management, and operating levels.

a. OSD and Components establish a Logistics Information Board of Senior Service and Agency decision makers by June 1996. The Logistics Information Board members are empowered to develop strategic direction and supporting functional requirements, approve and prioritize resource requirements, direct and oversee joint programs and resolve cross functional and other issues that may be impediments to achieving the goal.

b. OSD and Components, through the Logistics Information Board, develop an overarching Logistics Systems Corporate Plan by August 1996. The Plan will develop the long term (5 to 10 year) road map that will be followed to evolve the current logistics systems baseline

to target functional and technical logistics system environment. The plan will encompass the relationships between selected migrations systems/applications deployments, required essential legacy system maintenance, necessary technical upgrades, and business process reengineering.

c. OSD and Components develop a Logistics Systems Integrated Functional Architecture Requirements Document by October 1996. The document will provide the blueprint and road map for evolving the current logistics business systems functionality to the target 2003 functionality. The target functionality will be all inclusive, covering all management levels and business areas supporting the full life cycle from item introduction/acquisition to removal from inventory/use.

d. OSD and Components develop the Logistics Systems Technical Architecture Requirements Document by October 1996. The logistics technical architecture will provide a flexible modernized platform that will, as a minimum, be founded on the Global Combat Support System (GCSS) standards, provide a common operating environment, utilize scaleable and interoperable hardware, separate data from applications, utilize data repositories, provide single work stations, and be postured to readily accept technical upgrades.

2.A.3. OSD and the Components develop a logistics systems POM strategy and process document to identify and stabilize logistics systems resource requirements through the year 2003.

Objective 2.B. Improve the Communication of Logistics Information.

Metrics: Success in achieving this objective will be determined by achievement of strategies 2.B.1. and 2.B.3.

Strategies

2.B.1. OSD and Components implement the Continuous Acquisition and Life Cycle Support (CALS) core strategy to develop and implement an integrated data environment through a set of standards to achieve efficiencies in business and operational mission areas of the DoD.

a. Acquire logistics technical information for new weapon systems in digital form utilizing the CALS strategy. Exchange all defense system data generated in support of the acquisition life-cycle in digital form. Convert legacy information from paper forms to digital, based on demonstration of its cost-effectiveness over the remaining life cycle of the system. Issue this policy in a revision to Department of Defense Instruction DoDI 5000.2 by August 1996.

b. Provide access to delivered-in-place data by contractually requiring Contractor Integrated Technical Information Service (CITIS).

c. Conduct demonstrations of CALS shared digital data environment using logistics systems and applications included in Materiel Management, Depot Maintenance, Distribution, Joint Engineering Data Management Information and Control System (JEDMICS),

JCALS, Visibility and Management of Operating and Support Costs (VAMOSC) and Configuration Management Information System (CMIS), between FY 96 and FY 99. Demonstrations will include assessments of the value of using a digital global data management system and workflow manager as well as automated conversion of documents from paper to digital format and the storing of digital data in central repositories. OSD and Components institutionalize proven benefits.

2.B.2. Through application of CALS standards and reengineered processes, merge DoD's approaches to configuration and data management into a unified approach that can manage product data over the life cycle of systems.

a. Develop a configuration management interface data standard by September 1996.

b. Streamline the DoD Technical Data Management Program by incorporating its appropriate guidance and procedures into CALS through a revision to the CALS Military Handbook, by September 1996.

c. Deploy a product data management approach that is aligned and interoperable with commercial practice by September 1997.

2.B.3. OSD and Components expand the use of Electronic Data Interchange (EDI) and Electronic Commerce for business transactions to enhance the Department's ability to exchange information within the DoD, with industry, other government agencies and with our allies.

a. OSD and Components implement Defense Logistics Management Systems (DLMS) 2.0 ANSI compatible transactions and procedures by October 1998.

b. Include assessments of EC/EDI and a paperless environment at a logistics site within the Department as part of the logistics system demonstrations occurring from FY 1996 through FY 1999.

c. OSD, USTRANSCOM, and Components continue to streamline the business processes for acquisition and payment of transportation services through the phased implementation of EDI in accordance with the USTRANSCOM Defense Transportation EDI Program Implementation Plan.

d. Identify additional applications of EDI in other functional areas such as materiel management, maintenance and ammunition by December 1996.

2.B.4. OSD, Joint Staff, and Components provide assured communications to support logistics user requirements. By April 1997, OSD recommend to the Department of Commerce that select frequencies be made available on a secondary basis for low orbital satellite (LOWSAT) use to provide business and logistics data channels and assured communications through multiple commercial services.

Goal 3: Streamline Logistics Infrastructure

Importance of the goal. Reducing the cost and "footprint" of logistics is key to meeting the DoD's FYDP fiscal targets and providing an optimum "tooth to tail" profile. The DoD logistics infrastructure was built to provide for organic capability to sustain a large force committed to a global conflict. With the reduction in force structure and peacetime logistics workload, it is essential that methods, procedures, and policies minimize the structural "overhead" of logistics. One aspect of this goal is to revisit issues of ownership and control, so that the operating forces get the support they require with the fewest non-value-added accounting and management steps. DoD is reducing its organic maintenance depot structure consistent with the definition of core capabilities during the next six years.

Objectives, Metrics and Strategies

Objective 3.A. Implement Most Successful Business Practices.

Metrics: Success will be measured by accomplishment of the goals in strategy 3.A.1.

Strategies

3.A.1. Inventory Reduction. OSD and Components continue to reduce inventory levels of secondary items for those items no longer necessary to support readiness. The target reduction will be measured in: (1) value of inventory held at end of reporting year, and (2) quantity of storage required to hold inventory. Goals are: (1) $52 billion (FY 93 constant dollars) by October 2001, and (2) 375 million occupied cubic feet by December 2000. Baseline is $77.5 billion in September 1993 and 631 million occupied cubic feet in December 1992. The Component Inventory Control Points (ICPs) will be responsible for coordinating the reduction of storage requirements through reducing levels, employing direct vendor delivery and other techniques that reduce the need to hold stocks.

3.A.2. OSD and Components continue to expand methods, such as corporate contracting, which aggregate purchases from single sources across the broadest range of items, to include the distribution/delivery process in the purchase instrument, to reduce leadtimes, stockage, and contract administration. Perpetuate requirements across both peacetime and wartime scenarios.

3.A.3. OSD and Components fully implement Phase II of Primary Inventory Control Activity/ Secondary Inventory Control Activity (PICA/SICA) and global PICA reform by October 1997.

a. OSD perform a study to determine costs of duplication due to PICA/SICA assignments, including depot maintenance, by January 1997.

b. OSD and Components develop standard processes for interservice requisitioning, turn-in, billing, crediting and decapitalization for multiservice-used

nonconsumables. Develop a DoD manual governing wholesale management of multiservice use nonconsumables by December 1996.

3.A.4. OSD and Components promote the use of environmentally-safe materials in the design of new equipment and processes. Continue programs to identify, clean up, and limit the use of hazardous materials and to ensure logistics processes are environmentally friendly. Each Component develop an Environmental Security Strategic Plan by September 1997.

3.A.5. OSD and Components continue to implement acquisition reform initiatives in logistics activities to streamline procedures and processes that provide materiel/equipment in support of weapon systems.

3.A.6. OSD and Components continue implementation of a vertical stock fund for materiel from the item manager to the customer, by December 1996.

3.A.7. OSD and Components improve the methods for costing depot maintenance products and services.

a. Army-chaired Integrated Process Team develop a plan of action to enhance the Depot Maintenance Cost System (1397 Report), by October 1996.

b. OSD develop a plan for improving and enforcing internal controls including: time keeping, cost estimating systems, indirect cost allocations, and policies, procedures and practices. Ensure depot managers are trained in cost management, control procedures, and audit sampling techniques. Develop plan of action by October 1996.

3.A.8. Components identify improved methods and practices that can be applied to maintenance processes at individual depots, by June 1997.

3.A.9. OSD and USTRANSCOM identify transportation reengineering candidates by December 1996.

Objective 3.B. Increase Outsourcing. Outsourcing is a key tool within the Department's efforts to reengineer logistics business processes. Quoting from a Deputy Secretary of Defense memorandum of February 26, 1996: "By drawing on the abilities of the commercial sector, we can provide more efficient and effective support, focus our efforts on what we do best, and redirect substantial resources to modernization."

Metrics: For depot maintenance, success will be measured by a reduction in the maintenance operating costs as the result of contracting out workload to private sector firms. For materiel management, outsourcing progress will be measured by the increase in the percentage of operations performed by the private sector while reducing overall materiel management costs of operations. Other metrics, such as cost savings and improved operational performance within business functions, will be captured to the degree practical. Materiel management will also be measured by an increase in the number of items supplied through direct vendor contracts per strategy 3.B.4.

Strategies

3.B.1. Depot Maintenance and Materiel Management Outsourcing Workgroups refine plans to increase outsourcing of logistics functions consistent with statutory limitations. Identify expanded outsourcing strategies by December 1997.

3.B.2. OSD and Components develop plans by October 1996 to transition to a depot-level maintenance and repair system relying substantially on the private sector where supported as cost beneficial through a business case analysis and to the extent permitted by law.

3.B.3. Develop materiel management outsourcing initiatives for Defense Reutilization and Marketing Service (DRMS), distribution depots, and Inventory Control Points (ICPs).

a. Begin implementing DRMS outsourcing strategies by July 1996.

b. Complete distribution depot outsourcing business case analyses by December 1996. Implement pilot outsourcing strategies by October 1996. Evaluate expanding outsourcing initiatives to additional distribution depot sites by October 1997.

c. Complete a preliminary ICP outsourcing business case analyses by July 1996, and a follow-on analyses by December 1996. Begin implementing pilot outsourcing strategies by October 1996.

3.B.4. OSD and Components continue to expand direct vendor delivery of consumable items to military installations, to include: food, clothing medical and pharmaceutical, automotive, electric, fuel, facilities maintenance, and construction items. Provide a progress report by September 1996.

3.B.5. OSD and Components conduct tests to outsource Defense Transportation functions through the Defense Transportation Reengineering effort.

a. Army develop pilot test for personal property management services via a commercial transportation company. Provide a progress report by September 1997.

b. USTRANSCOM develop a pilot test utilizing a "single contractor" to manage shipments of privately owned vehicles (POV). Provide a progress report by September 1996.

Objective 3.C. Reduce weapon system cost of ownership. The Under Secretary of Defense (Acquisition and Technology) has stated that reducing the cost to operate the Department's equipment while maintaining a high level of performance is his highest priority. Cost as an Independent Variable (CAIV) is a key DoD acquisition initiative for achieving weapon system cost of ownership reduction for new systems. (For more information on CAIV, see DoD Instruction 5000.2, paragraph. 3.3.3. and USD(A&T) memorandum, subject: "Reducing Life Cycle Costs for New and Fielded Systems, dated December 4, 1995). This

objective may be the most difficult to measure, since results are often not apparent until years after investments are made. Over time, a composite of indicators, such as weapon system availability, maintenance downtime, cost per flying hour, spares costs, manpower costs, and other factors, can be examined to reflect a weapon system's actual cost of ownership.

Metrics: Success will be measured by the savings achieved through selective modernization for fielded weapon systems per strategy 3.C.3, which can then be applied to force modernization, and by a decrease in the projected operations and support costs of new systems attributable to CAIV and life cycle cost/performance tradeoffs.

Strategies

3.C.1. OSD and Components participate in Cost/Performance Integrated Product Teams (CPIPTs) to accomplish effective life cycle cost/performance tradeoff analysis.

3.C.2. OSD and Components establish improved life cycle cost analysis decision metrics and tools.

3.C.3. Military Services implement programs which finances investments in weapon system life cycle cost reduction through reliability, maintainability, and supportability enhancements for fielded weapon systems.

3.C.4. OSD and Components select at least one maintenance improvement Advanced Concept Technology Demonstration (ACTD) in FY 1996 and FY 1997.

3.C.5. Components implement the policy to maximize the use of approved Automatic Test System (ATS) families or commercial item testers in all acquisitions across the Military Services with the goal of eliminating non-compliant acquisitions beginning October 1996.

3.C.6. OSD and Components refine logistics support analysis (LSA) requirements in consonance with DoD Acquisition Reform to decrease reliance on military specifications and standards (i.e., MIL-STD 1388). OSD issue guidance by September 1996.

3.C.7. OSD and Components continue implementation of readiness-based sparing to attain readiness goals for the least cost.

3.C.8. OSD and Components continue the reduction of DoD's paperwork burden imposed on contractors through a 15% reduction by October 1996 in the number of data item descriptions approved for use in contracts. Baseline is October 1995 count of 1112 data item descriptions. Continue to deploy tools that support program office decision making to reduce the data burden associated with defense acquisition.

Implementation, Program Evaluation and Updates

The key to achieving the mission, goals and objectives in the Plan lies in the implementation of its strategies. The strategies describe the major actions and milestones which must be accomplished to achieve desired outcomes; they also specify the activities responsible for implementation. While the strategies are sufficiently descriptive for assessing progress, more detailed plans of actions with milestones will generally be necessary for execution purposes.

Implementation Plans

The responsibility for developing detailed implementation plans lies with the activities listed in the strategies. The lead organization(s) for each strategy listed in Appendix A must determine the extent to which a DoD-wide implementation plan is necessary for the strategy. Additionally, for strategies which the Components are assigned a responsibility, each Component will generally need to develop its own implementation plan, in coordination with other affected Components, to ensure that strategies are implemented. The extent and form of these plans will be determined by the Components.

Similar to last year, a Component has been assigned as the Executive Agent for leading implementation for many of the strategies. Executive Agents are responsible for ensuring not only implementation of the strategy within their Component, but also for coordinating implementation of the strategy across the Department. At a minimum, the Executive Agent is expected to monitor implementation of the strategy within all the affected Components. If conflicts arise between the Executive Agent and another Component regarding details of a strategy's implementation, they should be referred to the lead OSD office for resolution.

Executive Steering Group and Working Group

An Executive Steering Group, chaired by the Deputy Under Secretary of Defense for Logistics and staffed by senior logisticians from the Office of the Secretary of Defense, the Joint Staff, the Military Services, and the Defense Logistics Agency, will be responsible for directing implementation of the plan, assessing progress, setting priorities, and developing updates to the plan. A Working Group will assist the Executive Steering Group in these responsibilities. The Chairman of the Working Group will also serve as the Executive Secretary for the Steering Group and the primary focal point for the plan throughout the year. Annually, the Executive Steering Group and Working Group will meet to review the plan and determine what changes to it are necessary. Rather than begin this process in January, as was done in the past, the Working Group will reconvene in July 1997. The primary reason for this change is to allow sufficient time to develop the 1998 plan prior to the beginning of 1998, which, in turn, will permit more timely input of priority strategies during the Defense Planning Guidance development process.

Resources, Systems and Processes

The strategies in the plan describe the actions necessary to achieve the Department's logistics goals and objectives and to determine the resources needed. Many strategies require manpower and financing to accomplish the actions described. Others are dependent upon management information system improvements to provide necessary data or automate manual processes. Some strategies incorporate technology improvements, while a few may require new legislation.

To help ensure success, resourcing of the plan is linked to the Planning, Programming, and Budgeting System (PPBS). Strategies in the plan must be prioritized to increase the likelihood that the most important strategies will be accomplished. As part of an annual review of the plan, the Executive Steering Group normally recommends strategies to the Deputy Under Secretary of Defense (Logistics) to select and forward as inputs to the Defense Planning Guidance (DPG), Program Objective Memorandum (POM) Preparation Instructions, Budget Guidance, and/or as topics for POM and Budget issue papers. It is important that members of the Executive Steering Group also include the priority strategies in their recommended inputs to the PPBS documents to help build consensus for the PPBS approval process. The priority strategies for 1996 and 1997 are included in Appendix B. The tiers used to rank order priority strategies in earlier editions of the plan have been abandoned in this edition because the system proved to be unnecessary.

Program Evaluation and Plan Updates

Effective implementation of the plan will require periodic progress assessments by the Executive Steering Group, as well as through continuing progress monitoring and follow-up by the activities assigned responsibility for strategy implementation. It is recommended that each Component conduct at least one mid-year review to ensure that the Component's Offices of Primary Responsibility (OPRs) have been assigned for each strategy and that implementation is on track. Additionally, Executive Steering Group Members should accomplish assessments throughout the year as part of the normal Program Objective Memorandum (POM) and Budget reviews, and other DoD reviews such as those conducted by the Defense Acquisition Board and Major Automated Information Systems Review Councils. Separate Executive Steering Group meetings are not planned for these assessments.

During their annual review of the plan, the Executive Steering Group and Working Group will also review the implementation of the goals, objectives and strategies. Performance goals and metrics established in the plan will be used to assist in the program evaluations. To facilitate implementation assessments, the Working Group representative from each Component will submit not later than May 31, 1997, a progress sheet to the Working Group Chairman documenting their implementation for each strategy for which their Component has been assigned an implementation responsibility or for which they are the Executive Agent. The desired format for these sheets appears in Appendix C. The Components also will be expected to provide inputs to assess accomplishment of the metrics, particularly for Objectives 3.B. and 3.C. The evaluation will be used to determine what changes are necessary to the plan and to help determine priorities for the coming year. Following the annual review, the Deputy Under Secretary of Defense (Logistics) will issue the updates required to the plan.

Appendix A
Strategy Implementation Responsibilities

Strategy Number	Strategy Description	Lead Activity	Supporting Activities	Initial Milestones
1.A.1	REVISE UMMIPS TIME STANDARDS IN UMMIPS	ADUSD(L)MDM/TP	COMPONENTS	08/31/96
1.A.1.a	ENSURE UMMIPS STDS IN MIS REQUIREMENTS	ADUSD(L)MDM/TP /LBS	COMPONENTS	10/31/97
1.A.1.b	RESOLVE FAD INEQUITIES	JOINT STAFF/ ADUSD(L)MDM	COMPONENTS	08/31/96
1.A.1.c	DETERMINE WHETHER TO CHANGE URGENCY OF NEED IN UMMIPS	ADUSD(L)MDM/ JOINT STAFF	COMPONENTS	01/31/97
1.A.2.	IMPROVE LRT MEASUREMENT	ADUSD(L)MDM	COMPONENTS	-------
1.A.2.a	IMPLEMENT AMCLS	ODUSD(L)MDM/ LBS/TP	COMPONENTS	12/31/96
1.A.2.b	MODIFY REGS FOR AMCL 28 CHANGES	DLA/ODUSD(L) MDM	COMPONENTS	10/31/96
1.A.2.c	REPLACE MILSTEP PROCEDURES	DLMSO/DLA/ ODUSD(L)MDM	COMPONENTS	02/28/97
1.A.2.d	CAPTURE RETAIL STOCK FILL TIMES	DLMSO/DLA/ ODUSD(L)MDM	COMPONENTS	09/30/96
1.A.2.e	DEMONSTRATE FOC FOR LIPS REPORTING	DLMSO/DLA/ ODUSD(L)MDM	COMPONENTS	02/28/97
1.A.3.	DETERMINE LRT TRADE-OFFS	ODUSD(L)MDM/TP /DLA	COMPONENTS	08/31/96
1.A.4.	ESTABLSIH RCT IPT	ODUSD(L)MDM/ MPP&R	COMPONENTS	08/31/96
1.A.4.a	REVIEW RCT IMPROVEMENT RECOMMENDATIONS	ODUSD(L)MDM/ MPP&R	COMPONENTS	01/31/97
1.A.4.b	DRAFT POLICY TO REQUIRE RETAIL METRICS	ODUSD(L)MDM/ MPP&R	COMPONENTS	08/31/96
1.A.4.c	IMPLEMENT RETAIL METRICS	ODUSD(L)MDM/ MPP&R	COMPONENTS	01/31/97
1.A.4.d	ESTABLISH POLICY ON DRCT STDS	ODUSD(L)MDM/ MPP&R	COMPONENTS	08/31/96
1.A.4.e	IMPLEMENT DRCT IMPROVEMENTS	ODUSD(L)MDM/ MPP&R	COMPONENTS	10/31/97
1.B.1.	DEVELOP JTAV INTEGRATION PLAN	JTAV/ARMY	COMPONENTS	03/31/97
1.B.1.a	DEVELOP JTAV FUNCTIONAL ARCHITECTURE	JTAV/ARMY	COMPONENTS	11/30/96

Strategy Number	Strategy Description	Lead Activity	Supporting Activities	Initial Milestones
1.B.1.b	DEVELOP JTAV TECHNICAL ARCHITECTURE	JTAV/ARMY	COMPONENTS	01/31/97
1.B.1.c	DEVELOP JTAV ACTD INTEGRATION PLAN	JTAV/ARMY	COMPONENTS	09/31/96
1.B.2.	COMPLETE TAV BUS RULES	ADUSD(L)MDM/ ARMY	COMPONENTS	12/31/96
1.B.3.	IMPLEMENT TAV FOR RETAIL/REPARABLE/ CAV IN LEGACY MIS	ADUSD(L)LBS/ MDM	COMPONENTS	10/31/98
1.B.4.	IMPLEMENT TAV IN MIGRATION MIS	ADUSD(L)LBS	COMPONENTS	10/31/01
1.B.5.	IMPLEMENTAT AMS AT INSTALLATIONS	ARMY/ADUSD(L) LBS/MDM	COMPONENTS	09/30/99
1.B.6.	DEPLOY ENHANCED JTF IN-THEATER JTAV	JTAV/ARMY	COMPONENTS	09/30/96
1.B.7.	USE JTAV DURING EXERCISES/ DEPLOYMENTS	JTAV/ARMY	COMPONENTS	01/31/97
1.B.8.	IMPLEMENT DITV INTEGRATION PLAN	USTRANSCOM/ JOINT STAFF/ ADUSD(L)TP	COMPONENTS	-------
1.B.8.a	ACHIEVE GTN IOC	USTRANSCOM/ ADUSD(L)TP	COMPONENTS	11/30/96
1.B.8.b	ACHIEVE GTN FOC	USTRANSCOM/ ADUSD(L)TP	COMPONENTS	01/31/99
1.B.9	EVALUATE EXPAND DTTS	NAVY/ USTRANSCOM/ ADUSD(L)TP	COMPONENTS	10/30/97
1.B.10.a	SELECT RF TAG STANDARDS	ARMY/ADUSD(L) MDM/TP/MPP&R	COMPONENTS	06/31/97
1.B.10.b	ESTABLISH RF TAG CONCEPT OF OPS	ARMY/ADUSD(L) MDM/TP/MPP&R	COMPONENTS	06/31/97
1.C.1	IMPLEMENT IN-THEATER DISTRIBUTION	JOINT STAFF/ ADUSD(L)TP/ MDM	COMPONENTS	--------
1.C.1.a	COMPLETE INTRATHEATER LIFT ANALYSIS	JOINT STAFF/ ADUSD(L)TP	COMPONENTS	06/30/96
1.C.1.b	REFINE JOINT THEATER DISTRIBUTION CONCEPT	JOINT STAFF/ ADUSD(L)TP/ MDM	COMPONENTS	12/30/97
1.C.2.	IMPLEMENT MRS BURU IAW DPG	ADUSD(L)TP/ PA&E	COMPONENTS	10/31/96

Strategy Number	Strategy Description	Lead Activity	Supporting Activities	Initial Milestones
1.C.3.	EVALUATE JOINT PREPO MAINT SITE	JOINT STAFF/ ADUSD(L)MPP&R	COMPONENTS	12/31/96
1.C.4.	ENSURE CRAF FOR FY 97	USTRANSCOM/ ADUSD(L)TP	COMPONENTS	10/31/96
1.C.5.	DEVLOP VISA	USTRANSCOM/ ADUSD(L)TP	COMPONENTS	05/31/97
1.C.6	IMPROVE JLOTS	JOINT STAFF/ ADUSD(L)TP	COMPONENTS	05/31/97
1.C.7	REFINE WAR RESERVE POLICY	JOINT STAFF/ ADUSD(L)MDM	COMPONENTS	04/30/98
1.C.8.	DEVELOP WEST COAST AMMO PORT	ARMY/ ADUSD(L)TP	COMPONENTS	09/30/99
2.A.1.	DEPLOY MIGRATION SYSTEMS/APPLICTNS	ADUSD(L)LBS	COMPONENTS	05/31/97
2.A.2.	DEVELOP MIS STRATEGY	ADUSD(L)LBS	COMPONENTS	05/31/97
2.A.2.a	ESTABLISH LOGISTICS INFORMATION BOARD	ADUSD(L)LBS	COMPONENTS	06/31/96
2.A.1.b	DEVELOP CORPORATE PLAN	ADUSD(L)LBS	COMPONENTS	08/31/96
2.A.2.c	DEVELOP FUNCTIONAL ARCHITECTURE	ADUSD(L)LBS	COMPONENTS	10/31/96
2.A.2.d	DEVELOP TECHNICAL ARCHITECTURE	ADUSD(L)LBS	COMPONENTS	10/31/96
2.A.3	DEVELOP LOGISTICS MIS POM STRATEGY	ADUSD(L)LBS	COMPONENTS	05/31/97
2.B.1	IMPLEMENT CALS STRATEGY	DIR CALS	COMPONENTS	--------
2.B.1.a	REVISE DODI 5000.2	DIR CALS	COMPONENTS	08/31/96
2.B.1.b	IMPLEMENT CITIS	DIR CALS	COMPONENTS	ONGOING
2.B.1.c	CONDUCT CALS DEMOS	DIR CALS	COMPONENTS	05/31/97
2.B.2.	DEVELOP PRODUCT DATA APPROACH	DIR CALS	COMPONENTS	--------
2.B.2.a	DEVELOP CONFIGURATION MGMT DATA STD	DIR CALS	COMPONENTS	09/30/96
2.B.2.b	REVISE CALS MIL HANDBOOK	DIR CALS	COMPONENTS	09/30/96
2.B.2.c	DEPLOY PRODUCT DATA MGMT APPROACH	DIR CALS	COMPONENTS	09/30/97
2.B.3.	EXPAND EDI	ADUSD(L)LBS	COMPONENTS	--------

2.B.3.a	IMPLEMENT DLMS 2.0	DLA/DLMSO/ ADUSD(L)LBS	COMPONENTS	10/31/98
2.B.3.b	ASSESS EC/EDI IN SYSTEM DEMO	ADUSD(L)LBS	COMPONENTS	05/31/97
2.B.3.c	IMPLEMENT USTRANSCOM EDI IMPLEMENTATION PLAN	USTRANSCOM/ JOINT STAFF/ ADUSD(L)TP	COMPONENTS	05/31/97
Strategy Number	Strategy Description	Lead Activity	Supporting Activities	Initial Milestones
2.B.3.d	IDENTIFY ADDITIONAL EDI APPLICATIONS	USTRANSCOM/ ADUSD(L)MDM/ MPP&R/TP	COMPONENTS	12/31/96
2.B.4.	RECOMMEND FREQ FOR ASSURED LOG COMMUNICATIONS	ADUSD(L)MDM/ LBS/C3I	COMPONENTS	04/30/97
3.A.1.	REDUCE INVENTORY	ADUSD(L)MDM/ DLA	COMPONENTS	04/30/97
3.A.2.	EXPAND CORPORATE CONTRACTING	DLA/ ADUSD(L)MDM	COMPONENTS	05/31/97
3.A.3.	IMPLEMENT PICA/SICA PHASE II	ADUSD(L)MDM	COMPONENTS	10/31/97
3.A.3.a	PERFORM STUDY ON PICA/SICA COSTS	ADUSD(L)MDM	COMPONENTS	01/31/97
3.A.3.b	DEVELOP MANUAL FOR PICA/SICA ITEMS	ADUSD(L)MDM	COMPONENTS	12/31/96
3.A.4	DEVELOP ENVIRON SECURITY STRATEGIC PLANS	AF/ADUSD(L) MPP&R/ ADUSD(ES)PP	COMPONENTS	09/30/97
3.A.5	IMPLEMENT LOGISTICS ACQUISITION REFORM INITIATIVES	NAVY/ ADUSD(L)MDM	COMPONENTS	05/31/96
3.A.6	IMPLEMENT VERTICAL STOCK FUNDING	ADUSD(L)MDM/ OUSD(C)	COMPONENTS	12/31/96
3.A.7	IMPROVE DEPOT MAINTENANCE COSTING	ADUSD(L)MPP&R	COMPONENTS	--------
3.A.7.a	DEVELOP POAM TO ENHANCE 1397 REPORT	ARMY/ ADUSD(L)MPP&R	COMPONENTS	10/31/96
3.A.7.b	DEVELOP PLAN FOR IMPROVING DEPOT MAINTENANCE INTERNAL CONTROLS	ADUSD(L)MPP&R /OUSD(C)	COMPONENTS	10/31/96

3.A.8	IMPLEMENT DEPOT MAINT PROCESS IMPROVEMENTS	ADUSD(L)MPP&R	SERVICES	06/30/97
3.A.9.	DEVELOP TRANSPORTATION REENGINEERING CANDIDATES	ADUSD(L)TP/ USTRANSCOM	COMPONENTS	12/31/96
3.B.1.	REFINE PLANS TO OUTSOURCE LOGISTICS	ADUSD(L)MDM/ MPP&R	COMPONENTS	12/31/97

Strategy Number	Strategy Description	Lead Activity	Supporting Activities	Initial Milestones
3.B.2.	DEVELOP MAINTENANCE OUTSOURCING PLANS	ADUSD(L)MPP&R	COMPONENTS	10/31/96
3.B.3.	DEVELOP MATERIEL MGMT OUTSOURCING INITIATIVES	ADUSD(L)MDM/ DLA	COMPONENTS	--------
3.B.3.a	COMPLETE ICP BCAS	ADUSD(L)MDM	COMPONENTS	08/31/96
3.B.3.b	COMPLETE DISTRIBUTION BCAS	ADUSD(L)MDM	COMPONENTS	09/30/96
3.B.3.c	COMPLETE DRMS BCAS	ADUSD(L)MDM	COMPONENTS	07/31/96
3.B.4.	EXPAND DVDS	DLA/ ADUSD(L)MDM	COMPONENTS	09/30/96
3.B.5	OUTSOURCE TRANSPORTATION	ADUSD(L)TP/ ARMY/ USTRANSCOM	COMPONENTS	--------
3.B.5.a	DEVELOP PILOT TEST FOR PERSONAL PROPERTY MGMT SER	ARMY/ ADUSD(L)TP/ USTRANSCOM	COMPONENTS	09/30/97
3.B.5.b	DEVELOP PILOT TEST FOR POV SHIPMENTS	USTRANSCOM/ ADUSD(L)TP	COMPONENTS	09/31/96
3.C.1	PARTICIPATE IN CPIPTS	ADUSD(L)MRM/ MPP&R/TP/CALS /CLIO	COMPONENTS	05/31/97
3.C.2.	ESTABLISH IMPROVED LCC/PERFORMANCE METRICS	CLIO/ADUSD(L) MPP&R/MDM/ PA&E	COMPONENTS	05/31/97
3.C.3.	FINANCE INVESTMENTS IN LCC REDUCTIONS	CLIO/ADUSD(L) MDM/ MPP&R	COMPONENTS	05/31/97
3.C.4.	SELECT MAINT ACTD	ADUSD(L)MPP&R	COMPONENTS	05/31/97
3.C.5.	IMPLEMENT ATE POLICY	NAVY/ADUSD(L) MPP&R	COMPONENTS	05/31/97

3.C.6.	REFINE LSA RQMTS	DTSE&E/ ADUSD(L)MDM	COMPONENTS	09/30/96
3.C.7.	IMPLEMENT RBS	ADUSD(L)MDM	COMPONENTS	05/31/97
3.C.8.	REDUCE DIDS	DIR CALS	COMPONENTS	10/31/96

Appendix B

PRIORITY STRATEGIES

1.A.2 Improve Logistics Response Time Measurement

1.B.3 Implement TAV for retail, reparables and commercial asset visibility

1.B.8. Implement Intransit Visibility (ITV)

1.C.1 Improve Intratheater Distribution

1.C.2 Implement Mobility Requirements Study BUR Update

2.A.1 Deploy Migration Systems and Applications

2.A.2. Develop and execute an updated logistics systems strategy

2.B.1 Implement CALS strategy

2.B.3 Expand Electronic Data Interchange/Economic Commerce

3.A.1 Achieve Inventory and Storage Space Reduction Goals

3.B.1 Refine plans to outsource materiel management and maintenance functions

3.C.3 Finance investments to reduce Life Cycle Costs for fielded weapon systems

Appendix C Progress Sheet

DoD LOGISTICS STRATEGIC PLAN STATUS REPORT

Status Report Date:

Strategy Number:

Strategy Description:

Lead Activity:

Supporting Activities:

OSD Lead Action Officer & Phone:

Initial Milestones:

Status - What has been done:

1.

2.

3.

Next Step(s):

1.

2.

Strategy Color [Green=On-target, Yellow=Changes Indicated, Red=Behind Target]:

Recommendations for Changes to Plan:

Prepared by:

Electronic Status Updates. Status updates should be submitted via electronic mail, if possible, in the format in Appendix C using Microsoft Word for Windows 2.0 or higher or WordPerfect 5.1 or higher.

Submit inputs not later than May 31, 1997 to the following internet address:

gbeddoe@acq.osd.mil , or watchley@acq.osd.mil

This year, for the first time, the plan can be downloaded via the internet at the following homepage address:

http: //www.acq.osd.mil/log/mdm/

Alternatively, copies may be obtained by mailing requests to the following address:

DoD Logistics Strategic Plan
ODUSD(L)MDM
The Pentagon, Room 3B730
Washington, DC 20301-3500